CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

National Tea Co.

Annual Report

1944

MRK
CORP. FILE

Officers and Directors

OF NATIONAL TEA CO.

Directors

BURT J. DICKENS

ARTHUR J. HANSEN

JOHN McKINLAY

GEORGE S. RASMUSSEN, JR.

ROBERT V. RASMUSSEN

WILLIAM E. RUSSELL

Guy A. Thomas, elected a director on March 22, 1943,
resigned in December of 1944.

Officers

JOHN McKINLAY
Chairman

ROBERT V. RASMUSSEN
President

WILLIAM E. RUSSELL
Secretary-Treasurer

ARTHUR J. HANSEN
Vice President

CLARENCE E. BEARD
Assistant Treasurer

THOMAS H. KNOWLES
Assistant Secretary

CHARLES WOODING
Assistant Comptroller

★

Transfer Agents

The First National Bank
38 S. Dearborn Street
Chicago, Illinois

The Chase National Bank
11 Broad Street
New York, N. Y.

Registrars

Continental Illinois National
Bank and Trust Co.
231 S. LaSalle Street
Chicago, Illinois

The New York Trust Company
100 Broadway
New York, N. Y.

Annual Report

TO THE SHAREHOLDERS OF

NATIONAL TEA CO.:

The year just closed has been the most successful, from the standpoint of both sales and profits, in many years. Net profits after all taxes were $1,066,662.71, equal to $1.59 per common share compared to $351,892.07 or 44c per share for 1943. Sales in 1944 were $99,870,474.59 against a total of $91,795,090.15 in the preceding year. We began 1944 with 874 stores and ended the year with 827.

Your company's inventories at the end of 1944 amounted to $6,666,419.33 compared with $9,416,670.32 the year before. There are no surplus or unsaleable items included in this current inventory figure.

Cash and government bonds on hand at the end of the year amounted to $4,111,973.81. This compares with $2,091,498.50 for the same items the year before. Ratio of current assets to current liabilities stood at 2.4 to 1.

Since June 14, 1944, your company has been entirely free of bank loans. This compares with outstanding bank loans of $3,000,000 on December 31, 1943.

Estimated Federal taxes for 1944 amounted to $700,000 as compared with $230,000 for 1943.

During 1944 your company expended $605,224.02 for repairs and made capital investments of $160,477.56 for new equipment. These expenditures were made from current receipts.

In 1944 your company sold real estate amounting to $53,320.30 at a loss of $28,526.03. This loss has been taken up in the profit and loss account.

A common dividend of twenty-five cents was declared and paid on November 27, 1944, the first since 1937. So far in 1945 there have been declared an extra dividend of twenty-five cents and a regular quarterly dividend of fifteen cents, both payable March 1, 1945. Preferred dividends are paid regularly every quarter.

Prior to the approval of this annual report by the Board of Directors the resignation of Mr. John McKinlay as Chairman and a director of the Company was tendered to and accepted by the Board of Directors.

The officers and directors wish to express their appreciation to the loyal employees and to our cooperative suppliers, who have helped make 1944 your company's most successful year in more than a decade.

By order of the Board of Directors,

Respectfully,

Robert J. Rasmussen

PRESIDENT

March 5, 1945

NATIONAL TEA CO.

Consolidated

AT DECEMBER 31

ASSETS

	Dec. 31, 1944	*Dec. 31, 1943*
CURRENT ASSETS:		
Cash in bank and on hand	$ 3,601,565.81	$ 1,857,047.50
U. S. Treasury Savings notes, series "C", at cost plus accrued interest	$ 510,408.00	$ 234,451.00
Accounts receivable	$ 327,474.90	$ 283,185.51
Less: Reserve	38,710.49	42,146.74
	$ 288,764.41	$ 241,038.77
Inventories, at lower of cost or market—		
Merchandise	$ 6,476,513.69	$ 9,227,229.49
Supplies	189,905.64	189,440.83
	$ 6,666,419.33	$ 9,416,670.32
Total current assets	$11,067,157.55	$11,749,207.59
OTHER ASSETS:		
Notes receivable	$ 3,435.18	$ 3,709.30
Mortgages receivable	32,145.72	33,706.54
Investments		2,000.00
	$ 35,580.90	$ 39,415.84
FIXED ASSETS—AT COST, EXCEPT BUILDINGS:		
(The net value of buildings was written down against earned surplus in 1935. This write-down as to buildings owned at December 31, 1944, amounts to $1,024,155.48)—		
Land	$ 2,903,112.01	$ 2,952,631.88
Buildings	$ 4,545,872.96	$ 4,569,182.14
Less: Reserve for depreciation	2,238,437.95	2,122,089.15
	$ 2,307,435.01	$ 2,447,092.99
Fixtures and equipment	$ 7,823,841.85	$ 8,082,525.51
Less: Reserve for depreciation	5,944,710.79	6,012,983.14
	$ 1,879,131.06	$ 2,069,542.37
Leaseholds and improvements being amortized	$ 106,517.94	$ 112,413.83
Total fixed assets	$ 7,196,196.02	$ 7,581,681.07
GOODWILL	$ 1.00	$ 1.00
DEFERRED CHARGES	$ 116,455.81	$ 165,317.87
	$18,415,391.28	$19,535,623.37

AND SUBSIDIARIES

Balance Sheet

, 1944 AND 1943

LIABILITIES, CAPITAL STOCK AND SURPLUS

	Dec. 31, 1944	*Dec. 31, 1943*
CURRENT LIABILITIES:		
Notes payable—banks	$	$ 3,000,000.00
Real estate mortgages	32,559.46	32,630.35
Accounts payable	2,699,004.59	2,320,246.85
Commercial letters of credit secured by merchandise	99,227.73	42,335.37
Accrued liabilities—		
Pay roll and commissions	323,873.25	225,323.48
Federal income and excess profits taxes	777,829.06	280,897.92
Other taxes	634,480.67	584,109.68
Interest	2,560.19	3,120.61
Total current liabilities	$ 4,569,534.95	$ 6,488,664.26
REAL ESTATE MORTGAGES:		
Due serially within three years	$ 138,572.12	$ 65,952.93
Due after three years	91,594.44	219,823.86
	$ 230,166.56	$ 285,776.79
RESERVE FOR SELF-INSURANCE	$ 172,572.80	$ 150,362.31
CAPITAL STOCK AND SURPLUS:		
Capital stock—		
Preferred, 5½% cumulative, par value $10, redeemable at par on call or liquidation:		
Authorized and issued—200,000 shares	$ 2,000,000.00	$ 2,000,000.00
Common, no par value:		
Authorized .....800,000 shares		
Issued .....660,000 shares	8,250,000.00	8,250,000.00
Earned surplus (restricted by purchase of treasury stock, $966,406.95)	4,159,523.92	3,327,226.96
	$14,409,523.92	$13,577,226.96

Less: Treasury stock—

	Shares	*Cost*		
Preferred	56,893	$565,498.00		
Common	37,350	400,908.95		
			966,406.95	966,406.95
			$13,443,116.97	$12,610,820.01
			$18,415,391.28	$19,535,623.37

NATIONAL TEA CO. AND SUBSIDIARIES

Statement of Consolidated Income and Surplus

FOR THE YEARS ENDED DECEMBER 31, 1944 AND DECEMBER 31, 1943

	Year ended Dec. 31, 1944	*Year ended Dec. 31, 1943*
Sales	$99,870,474.59	$91,795,090.15
Cost of sales and expenses	98,088,928.30	91,135,351.64
	$ 1,781,546.29	$ 659,738.51
Income deductions:		
Interest	$ 27,377.77	$ 36,033.89
Loss on disposal of fixed assets	23,201.99	41,812.55
	$ 50,579.76	$ 77,846.44
	$ 1,730,966.53	$ 581,892.07
Provision for federal income taxes (The taxes actually payable for 1944 are estimated at $700,000 after benefit of unused excess profits credits from prior years—see below.)	$ 994,000.00	$ 230,000.00
	$ 736,966.53	$ 351,892.07
Reduction in 1944 federal income taxes resulting from excess profits tax credits unused in prior years	$ 294,000.00	
Depreciation, prior years, disallowed for federal income tax purposes less applicable income tax	35,696.18	
	$ 329,696.18	
Net income for the year	$ 1,066,662.71	$ 351,892.07
Earned surplus at beginning of year	3,327,226.96	$ 3,054,038.06
	$ 4,393,889.67	$ 3,405,930.13
Dividends, cash:		
Preferred stock (55c per share)	$ 78,703.25	$ 78,703.17
Common stock (25c per share)	155,662.50	
	$ 234,365.75	$ 78,703.17
Earned surplus at end of year	$ 4,159,523.92	$ 3,327,226.96

Note: Provision for depreciation amounting to $498,381.79 in 1944 and $538,161.09 in 1943 is included in expenses.

Auditor's Certificate

TO THE STOCKHOLDERS OF

NATIONAL TEA CO.

We have examined the consolidated balance sheet of National Tea Co. and Subsidiaries at December 31, 1944 and the statement of consolidated income and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income and surplus present fairly the position of National Tea Co. and Subsidiaries at December 31, 1944, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

ACCOUNTANTS AND AUDITORS

Chicago, Illinois

February 15, 1945